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FM USMISSION GENEVA
TO RUEHC/SECSTATE WASHDC 0087
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHRN/USMISSION UN ROME

UNCLAS SECTION 01 OF 05 GENEVA 000997

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SUBJECT: UNCTAD 47th Executive Session of the Trade and Development Board

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11. SUMMARY. The United Nations Conference on Trade and Development (UNCTAD) Trade and Development Board (TDB) held its 47th Executive Session on June 30, 2009. The focus of the conference was food insecurity in Africa as an obstacle to development. The TDB approved several reports - the Report of the Trade and Development Commission on its First Session, the Report of the Investment, Enterprise and Development Commission on its first session, and the Topics for single-year expert meetings for 2010. The TDB noted that UNCTAD continues to provide technical assistance to African nations seeking to alleviate issues of food insecurity, and in particular has mobilized the Integrated Framework for Trade Related Technical Assistance in favor of African nations. The United States gave a statement highlighting the USG role in sponsoring African agricultural development and extension services (between 2008 and 2009, the U.S. provided 5.5 billion dollars toward food security measures globally), and suggesting reforms to improve UNCTAD's efficiency. END SUMMARY

OPENING REMARKS

12. UNCTAD Secretary-General Supachai Panitchpakdi opened the 47th TDB meeting with a reminder that the food crisis of 2008 was only the most recent articulation of chronic food insecurity in African nations: the World Food Programme estimates that high food prices in 2009 pushed an additional 105 million people into hunger, globally. In Africa, 21 countries and 300 million Africans suffer from chronic hunger - stemming largely from underdevelopment of the continent's agricultural sector.

13. Average per-capita food production has been in decline for thirty years, which indicates that fighting food insecurity will require increasing production yields, as opposed to expanding acreage. Supachai noted that biotech solutions such as genetically modified organisms will provide only part of the solution, and productivity could instead expand with access to modern farm equipment and fertilizers, as well as the use of crop rotation in certain regions.

14. Supachai stressed that Foreign Direct Investment (FDI) and Official Development Assistance (ODA) Structural Adjustment Programs and other market reforms have destabilized the role of States in agriculture, and private investment has favored export cash crops over production for local consumption. FDI has halved between 1996 and 2006, and currently the agricultural sector accounts for less than two percent of world FDI inward stock. UNCTAD predicts that FDI will decline by 25 percent in developing countries in 2009. Supachai recommended that developing nations prioritize attracting FDI as part of their investment strategies.

15. In Africa, the greater attention paid to humanitarian and social aid has overshadowed ODA for agriculture. ODA for agriculture has declined from 18 percent of total ODA in 1979 to three percent in

¶2006. Aid needs to be rebalanced toward production and infrastructure.

¶6. UNCTAD has been proactive in providing African nations with technical assistance on a number of fronts, including providing support to nations on commodities issues, organizing a series of high-level forums on development issues surrounding cocoa, cotton, and coffee, working with developing nations on negotiations under the WTO Doha Development Agenda (DDA), collaborating with international organizations regarding issues of subsidies and export restrictions, and intensifying attention to issues of gender and trade.

FOOD SECURITY IN AFRICA: LEARNING LESSONS

¶7. UNCTAD released the above titled report, which details the persistence of food insecurity in African nations, particularly in light of the financial crisis.

¶8. According to the report, 28 African nations reacted to the crisis by enacting protectionist measures to limit or ban food exports, claiming underlying risks of relying upon the principle of comparative advantage. Protectionist policies and high subsidies in developed countries have also deprived Africa of export markets, the report claimed, while simultaneously demanding that Africa accept cheap imports on their domestic markets.

¶9. UNCTAD recommends that managing food security in Africa will require action on three fronts: improving agricultural productivity through, inter alia, credit provision, research and development, improving rural livelihoods through supporting infrastructure, reducing farmer vulnerability to market fluctuation, and correcting market imbalances through reducing protection and subsidies.

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ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA

¶10. UNCTAD's annual report, presented to the Trade and Development Board, includes examples of technical assistance, policy analysis, research, and information dissemination with reference to development in Africa. UNCTAD has released two significant reports in the past year. The first, Economic Development in Africa, argues that African nations need to adopt sector-specific policies in agricultural pursuits to manage structural, institutional, and socio-economic constraints. The second, entitled the Least Developed Countries Report 2008: Growth, Poverty and the Terms of Development Partnership, questions the sustainability of recent growth in Least Developed Countries (LDCs). The report encourages enhanced country ownership of national development strategies. UNCTAD has also produced and delivered two studies promoting trade policy that is sensitive to key gender issues in Africa.

¶11. UNCTAD has also engaged African nations using the Enhanced Integrated Framework (EIF) for Least Development Countries, a multi-agency, multi-donor coordination effort to deliver trade-related technical assistance and institutional capacity building. The EIF currently provides assistance to 28 African nations.

¶12. UNCTAD support for African nations in 2008 has included monitoring the DDA negotiations, offering tailor-made comprehensive assistance to nations acceding to the WTO, as well as to those in the post-accession phase, assisting nations to capitalize upon North-South preferential trade agreements, including the Generalized System of Preferences (GSP), African Growth and Opportunity Act (AGOA), and the ACP-EU Cotonou Agreement. Additionally, UNCTAD provided advice and analysis on South-South trading arrangements.

¶13. UNCTAD supported the African Biofuels and Renewable Energy Fund (ABREF), to which it provided technical assistance. UNCTAD also worked with the WTO to deliver technical and training assistance in Africa.

¶14. Mr. Olivier De Schutter, UN Special Rapporteur on the Right to Food, promoted the use of a human-rights approach to considering issues of food security. Mr. De Schutter reminded the TDB that national frameworks for food security need to target the most vulnerable first. He noted that trade and investment policies need to be subordinated to the larger objective of realizing the right to food. According to De Schutter, the right to food should guide governments in choosing between different modes of agricultural production.

¶15. In an Open Letter to Heads of State and Governments, Mr. De Schutter recommended that states allocate public spending to public goods in addition to, if not instead of, direct inputs such as seeds and fertilizers. He cited storage facilities, access to communication technologies, access to credit and insurance against weather-related risks, extension services, agricultural research, and the organization of farming cooperatives as examples of public goods. He also promoted the development of farms that are labor-intensive rather than heavily mechanized, as the former model promotes job creation in addition to increases in agricultural yields.

¶16. Mr. De Schutter commented on the use of transnational large-scale land investments, noting that while they provide potential for development through infrastructure and employment, as well as improving access to technologies and credit, they also can destroy indigenous and unprotected access to land. He recommended a set of basic principles to ensure that transnational large-scale land investments are utilized in a manner that prioritizes the right to food in food-insecure nations.

SINGLE-YEAR EXPERT MEETINGS IN 2010

¶17. The TDB approved the following topics for expert meetings in 2010:

- Successful trade and development strategies for mitigating the impact of the global economic and financial crisis.
- The contribution of tourism to trade and development
- The role of States, efficiency in public investment for development - sharing best practices.
- Investment in the agricultural sector with a view to building productive capacities.
- Green and renewable technologies as energy solutions for rural development.

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- The contribution and effective use of external resources for development, in particular for productive capacity-building.

¶18. COMMENT: The annual executive session of the TDB provided a useful opportunity for delegations to focus on Africa and for African delegates to demand greater efficiency and attention from UNCTAD. Several African delegates complained that despite the Accra Accord's emphasis on assisting less developed countries and Africa, this mandate is not carried into many real programs and research products benefiting LDCs and Africa. END COMMENT.

US STATEMENT

¶19. Ann Low, US Representative to UNCTAD, delivered the following statement for the United States, which covers both the US role in Africa promoting food security and development, and recommendations to improve UNCTAD's effectiveness. The statement was very well received. The President of the TDB, Ambassador Djani of Indonesia, supported further discussion of US proposals for improved synergies among UNCTAD's three pillars of work.

(BEGIN STATEMENT)

¶20. The United States welcomes this opportunity to focus on UNCTAD's

work in Africa and Food Security in Africa. The African continent has made enormous strides forward in the past few years in terms of economic growth and stability. However, much remains to be done. We appreciate UNCTAD's commitment to making Africa a priority in all of its work.

Since 2001, the United States has dramatically increased its commitment to development in Africa - and has transformed the way this development is carried out. Together, Africa's leaders and the United States are working to pioneer a new era in development on the African continent. The U.S. African Growth and Opportunity Act (AGOA) has allowed 40 African nations to benefit from preferential access to American markets. In 2008, net U.S. official development assistance worldwide amounted to \$26 billion, a real increase of 16.8 percent from 2007. This included a 38 percent real increase in ODA to sub-Saharan Africa, which received \$6.5 billion. The Millennium Challenge Corporation has Compacts with 18 countries; of those, eleven are in Africa and total approximately \$4.5 billion in multi-year financing. These innovative grants are being provided in direct response to project proposals designed by Africans, and capture the US commitment to poverty reduction through economic growth and empowerment.

While U.S. work with Africa covers a broad range of cooperative activities, here I will comment on UNCTAD's work in Africa and focus on U.S. actions to improve food security, including in Africa.

UNCTAD's Work in Africa

The United States welcomes the report "Activities undertaken by UNCTAD in favor of Africa (TD/B/EX (470/2))." We are impressed with the breadth and content of UNCTAD's myriad projects in Africa. However, we believe the impact of these projects, including their usefulness in terms of lessons learned or expansion of effective projects, can be improved through a more strategic approach to technical assistance and better presentation of the results.

We believe UNCTAD has a unique role in the development community through its mandate to be the focal point for the UN system on trade and development and through the possibility of synergies among its three pillars of work: research and analysis; consensus building; and technical assistance. In order to more effectively perform its mandate and help partners better understand the scope of UNCTAD's projects, we encourage UNCTAD in its next annual report on activities in Africa to list the dollar value of the projects it has undertaken and, if appropriate, to explain how each project, based on its utility, might be scaled up or spun off to another organization.

UNCTAD should consider organizing its projects into those that are well established and well known UNCTAD products, such as ASYCUDA, DMFAS, EMPRETEC and Investment Policy Reviews, and those that are new projects growing out of UNCTAD's research and consensus building. The latter group could then be monitored by UNCTAD and member states to determine whether they merit either being scaled up and added to UNCTAD's menu of proven technical assistance products, spun off to a partner development organization or NGO, or discontinued.

In this way the synergies between UNCTAD's research and analysis, consensus building and technical assistance could be strengthened. Research should be the trigger that initiates a project. Then

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analysis of the project should lead to finite findings and either discontinuation of the project, or validation of its impact and a strategy for expansion either through UNCTAD or a partner. The consensus building function could be used not only to publicize research findings and share experiences, but also to attract additional funding for successful projects, to refine and improve ongoing projects, and as a source for new research ideas.

The report shows that UNCTAD is doing a great deal in many countries. We encourage UNCTAD's different divisions to work collaboratively on the elaboration of UNCTAD's Communications

strategy, so that this information becomes more accessible and user-friendly through creation of country profiles on the UNCTAD website. Given the availability of consolidated information on UNCTAD's work in Africa, we encourage UNCTAD to start designing countries profiles using African countries and to present a prototype country profile to the next TDB meeting as part of UNCTAD's new communications strategy.

We welcome the report's reference to the Enhanced Integrated Framework (EIF) for trade-related assistance to LDCs. When UNCTAD receives requests for assistance from member states, we encourage UNCTAD to continue working with its development partners to have its proven trade and development products incorporated into such comprehensive development and trade initiatives as the Enhanced Integrated Framework, UN Development Assistance Frameworks, and the One UN effort.

Regarding specific work described in this report, we encourage UNCTAD's continued excellent work on proven products such as ASYCUDA, DMFAS, Empretec and Investment Policy Reviews. We especially welcome UNCTAD's focus on Empretec Africa as we believe entrepreneurship can be a driver of economic recovery and a major contributor to helping developing countries leap frog forward in their development goals. Regarding newer projects, we applaud UNCTAD's work on organic farming, which embodies synergies among UNCTAD's three pillars of work, is done in cooperation with multiple organizations, including regional groups, and can help to address a critical issue -- food security.

Improving Food Security

The United States is working to help countries most affected by hunger and the impact of the global economic crisis. The U.S. Government is providing over \$5.5 billion to fight global hunger in 2008 and 2009. Separately, the U.S. Millennium Challenge Corporation has committed over \$1.3 billion since 2005 for long-term investment in agriculture. Speaking in London in April at the G-20 Summit, President Obama announced his intention to work with Congress to double agricultural development assistance to over \$1 billion, to give "people the tools they need to lift themselves out of poverty." These funds are designed to work with partner countries to increase productivity and rural incomes by modernizing developing country agriculture.

We agree with UNCTAD's finding that "improving food security of African countries requires that they and their development partners put agriculture firmly back on the agenda," and are working hard to see that happens. The United States strongly supports the objectives of the Comprehensive African Agricultural Development Plan (CAADP), which is a continental framework endorsed by all heads of state and government across Africa as their common vision and agenda to reform and revitalize African agriculture.

In June, Secretary Clinton identified seven principles that support sustainable systems of agriculture in rural areas at the 2009 World Food Prize ceremony: increasing agricultural productivity by expanding access to quality seeds, fertilizers, irrigation tools and rural credit; stimulating the private sector by improving the storage and processing of foods and improving rural roads and transportation; maintaining natural resources so that land can be farmed by future generations; expanding knowledge and training to cultivate the next generation of plant scientists; linking small producers to markets; supporting policy reform and good governance; and supporting women, who make up 70 percent of the world's farmers.

These seven principles will guide upcoming work and will help set benchmarks.

The U.S. Government has a long tradition of providing longer term agricultural development assistance. Increasingly, such assistance focuses not only on sustainable agricultural production, but on post-production storage, land management, marketing, and food. We believe that, in order to make progress toward meeting the Millennium Development Goal of halving the proportion of people who suffer from extreme hunger by 2015, a major increase in investment in agricultural development is essential.

We strongly support the UN Secretary General's High Level Task Force on Food Security (HLTF), which was established in the spring of 2008 in response to the global food price crisis. The HLTF, under the leadership of Assistant Secretary General David Nabarro, produced a Comprehensive Framework of Action (CFA) last year, and has made considerable progress in working with food-insecure countries to develop country-led strategies to improve food security. We are encouraged by the HLTF's contribution to improving coordination among the UN and other multilateral institutions involved in food security.

We appreciate UNCTAD Secretary General Supachai's participation in the High Level Task Force and UNCTAD's continued research on the food crisis, and look forward to a productive discussion today. Thank you.

(END STATEMENT)

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